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November 15, 2021

HAND DELIVERY

Marie Bell, Executive Secretary
NEVADA GAMING COMMISSION
1919 East College Parkway
Carson City, Nevada 89706

Re: ASSOCIATION OF GAMING EQUIPMENT MANUFACTURERS;
Cloud Computing Services
Petition for Adoption and Amendment of Regulations

Dear Marie:

Accompanying this letter, for filing with the Nevada Gaming Commission (the "Commission"), is the Association of Gaming Equipment Manufacturers' ("AGEM"), Petition for Adoption and Amendment of Regulations. Specifically, AGEM's petition requests the Commission adopt new and amended rules to facilitate the use of cloud computing resources by licenses. Should you have any questions, or require additional information, please advise.

Sincerely,

FENNEMORE CRAIG, P.C.

A handwritten signature in black ink that reads "Dan R. Reaser".

Dan R. Reaser

cc: J. Brin Gibson, Chairman – NGCB
Jim Barbee, Chief – NGCB Technology Division
Marcus Prater

1 **BEFORE THE NEVADA GAMING COMMISSION**

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3 IN THE MATTER OF THE ADOPTION OF
4 AMENDMENTS TO NEVADA GAMING
5 COMMISSION REGULATIONS 1 AND 5
6 GOVERNING CLOUD COMPUTING SERVICES.

7 **PETITION FOR ADOPTION AND AMENDMENT OF REGULATIONS**

8 The Petitioner, Association of Gaming Equipment Manufacturers ("the "**Association**" or
9 "**AGEM**"), acting by and through legal counsel, Fennemore Craig, P.C., respectfully submits to
10 the Nevada Gaming Commission (the "**Commission**"), this Petition for the adoption of
11 proposed Nevada Gaming Commission Regulation 1.070, 1.072 and 5.242, and for proposed
12 amendments to Nevada Gaming Commission Regulations 1.137 and 5.240. This Petition is
13 made and based upon Sections 463.143, 463.145(1)(d), 463.150(1), 463.673 and 463.677 of the
14 Nevada Revised Statutes ("**NRS**"). In support of this Petition, the Association submits the
15 following relevant information and analysis.

16 **I. INTRODUCTION**

17 The purpose of this Petition is three-fold. First, the Association will establish that the
18 existing provisions of the Nevada Gaming Control Act (the "**Act**"),¹ permit the Commission to
19 promulgate administrative rules to authorize associated equipment, cashless wagering systems,
20 games, gaming devices and interactive gaming to be operated by a Nevada licensee using cloud
21 computing services of a registered information technology service provider. Second, the
22 Petition will identify the reasons why the Nevada State Gaming Control Board (the "**Board**"),
23 and the Commission should adopt regulations to facilitate deployment of cloud computing
24 services. Third, the Petition will present and summarize the proposed rules.

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28 ¹ NEV. REV. STAT. § 463.010 - .820.

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1 what persons would be classified as a "service provider."³ The Commission's rules determined
2 that "service providers" included "information technology service providers," who are persons
3 providing for licensees "management, support, security, or disaster recovery services for games,
4 gaming devices, or associated equipment."⁴

5 In connection with promulgating administrative rules governing service providers, the
6 Commission must determine, consistent with the objectives of gaming control that (i) "service
7 providers are secure and reliable"; and, (ii) "the premises on which . . . a service provider . . .
8 conducts its operations are subject to the power and authority of the Board and Commission . . .
9 *as though* the premises are where gaming is conducted . . . and the . . . service provider . . . is a
10 gaming licensee."⁵

11 The Commission initially adopted regulations in accordance with NRS 463.677 on
12 December 22, 2011. At that time, the Commission found that "service providers are secure and
13 reliable, that service providers do not pose a threat to the integrity of gaming, and that service
14 providers are consistent with the public policy of this State . . ."⁶ Likewise, the Commission
15 promulgated a rule that requires "[t]he premises on which a service provider conducts its
16 operations is subject to the power and authority of the Board and Commission pursuant to NRS
17 463.140."⁷

18 B. THE "HOSTING CENTER" LAWS

19 Similarly, in 2011 the Nevada Legislature conferred upon the Commission the authority
20 to define the concept of a "hosting center" and determine by administrative rules the use of
21 hosting centers to allow "parts of games, gaming devices, cashless wagering systems and race
22 book and sports pool operations to be conducted at locations that are not on the premises of a
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24 ³ NEV. REV. STAT. § 463.677(6)(b).

25 ⁴ NEV. GAMING COMM'N REG. 5.240(2)(b) & (c).

26 ⁵ NEV. REV. STAT. § 463.677(4)-(5)(emphasis added).

27 ⁶ NEV. GAMING COMM'N REG. 5.240(1).

28 ⁷ NEV. GAMING COMM'N REG. 5.240(16).

1 licensed gaming establishment.”⁸ As with service providers, the legislature provided that the
2 Commission’s hosting center regulations must address how hosting center locations will be
3 “subject to the power and authority of the Board and Commission pursuant to NRS 463.140, *as*
4 *though* the premises are where gaming is conducted and the hosting center is a gaming
5 licensee.”⁹

6 To implement NRS 463.673, the Commission promulgated the definition of “hosting
7 center”, meaning “a facility located in the State of Nevada which houses certain parts of
8 computer systems or associated components of games, gaming devices, cashless wagering
9 systems or race book or sports pool operations and which is not located on the premises of a
10 licensed gaming establishment.”¹⁰ The Commission’s rules further provided a registration
11 procedure for hosting centers,¹¹ and for Board and Commission access rights to the premises of
12 a hosting center.¹² Notably, the regulatory agencies’ access rights under Regulation 5.231, may
13 be waived by the Board Chair under certain circumstances.¹³

14 IV. STATEMENT ON PROPOSED REGULATIONS

15 The Petitioners respectfully request that the Commission adopt proposed Nevada
16 Gaming Commission Regulation 1.070, 1.072 and 5.242, and proposed amendments to Nevada
17 Gaming Commission Regulations 1.137 and 2.240. These rule changes facilitate licensees’
18 operation of associated equipment, cashless wagering systems, games, gaming devices and
19 interactive gaming using the *cloud computing services* of registered information technology
20 service providers or licensed manufacturers.

21 A. REASONS FOR ADOPTION OF NEW RULES

22 Since 2011, the Nevada Legislature, Board and Commission have recognized that state
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24 ⁸ NEV. REV. STAT. § 463.673 (1)(b) & (4)(a).

25 ⁹ NEV. REV. STAT. § 463.673(4)(b)(emphasis added).

26 ¹⁰ NEV. GAMING COMM’N REG. 1.137.

27 ¹¹ NEV. GAMING COMM’N REG. 5.230.

28 ¹² NEV. GAMING COMM’N REG. 5.231.

¹³ *See id.*

1 gaming licensees need the flexibility to harness rapidly evolving technologies to remotely store,
2 access and operate associated equipment, games, gaming devices, cashless wagering systems
3 and systems supporting race books and sports pools from "locations that are not on the
4 premises of a licensed gaming establishment."¹⁴ The State's statutory and regulatory system
5 allowing licensees to engage "hosting centers" was the solution for this need. Concurrently,
6 lawmakers and regulators acknowledged that licensees benefit from a variety of firms in the
7 marketplace that can provide these technology solutions, including from companies that are
8 licensed manufacturers.¹⁵ Legislative authorization of and administrative rules governing
9 "service providers" addressed this situation.

10 The march of technology has not abated in the decade since Nevada embraced "hosting
11 centers" and "service providers." Cloud computing is one of the technologies harnessed in the
12 last ten years by business, education and government to improve technology efficiencies,
13 reduce operating and capital costs, enhance operating and data storage security and quicken
14 transaction times.

15 The National Institute of Standards and Technology explains cloud computing as:

16 [A] model for enabling ubiquitous, convenient, on-demand network access to
17 a shared pool of configurable computing resources (e.g., networks, servers,
18 storage, applications, and services) that can be rapidly provisioned and
19 released with minimal management effort or service provider interaction.
This cloud model is composed of five essential characteristics, three service
models, and four deployment models.¹⁶

20 At its essence, cloud computing is the "practice of storing regularly used computing data on
21 multiple servers that can be accessed through the Internet,"¹⁷ and is typically made available to
22 users by a service provider on a subscription fee basis.¹⁸

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24 ¹⁴ NEV. REV. STAT. § 463.673(1)(b).

25 ¹⁵ NEV. REV. STAT. § 463.677.

26 ¹⁶ See *infra* U.S. Dept. Commerce, Nat'l Inst. Of Standards & Tech., The NIST Definition of
Cloud Computing, Special Pub. 800-145, ¶ 2, at 2 (P. Meil & T. Grance ed. Sept. 2011)(**Exhibit**
27 **A**)(hereinafter "**NIST Publication**").

28 ¹⁷ See <https://www.merriam-webster.com/dictionary/cloud%20computing>.

¹⁸ NIST Publication at 2 n. 1; See, e.g., <https://www.sap.com/sea/insights/what-is-cloud->

1 In the context of the Commission's existing regulations, cloud computing services can be
2 understood as a type of *information technology service* that is provided from a *virtual hosting*
3 *center*. Consequently, the Commission need only amend the definition of "hosting center" and
4 adapt current service provider rules to permit cloud computing services to support licensees'
5 operation of associated equipment, cashless wagering systems, games, gaming devices and
6 interactive gaming. The Association urges the Commission to make these regulation changes so
7 that state gaming licensees may, consistent with legislative policy, capture the operational
8 benefits of cloud computing "technologies to remotely store, access and operate associated
9 equipment, games, gaming devices, cashless wagering systems and systems supporting race
10 books and sports pools from locations that are not on the premises of a licensed gaming
11 establishments.

12 **B. SYNOPSIS OF PROPOSED REGULATIONS**

13 The proposed regulations and regulation amendments accompany this Petition as
14 **Exhibit B**. The Association provides the following synopsis of the proposed rule changes and
15 additions.

- 16 • ***Proposed Regulation 1.070*** provides a definition of "cloud computing services."
17 This definition was developed by the Association based on the NIST Publication
18 and Section 3.2.5 of the International Organization for Standardization ("**ISO**"),
19 Publication IEC 17788:2014.
- 20 • ***Proposed Regulation 1.072*** sets forth a definition of "cloud computing service
21 provider. Such providers are defined as those persons provisioning to licensees
22 cloud computing services, whether dedicated or shared, to operate associated
23 equipment, cashless wagering systems, games, gaming devices, interactive
24 gaming operations and wagering accounts (with a proviso eliminating the
25 requirement that the wagering account must be within the state of Nevada).
26 Notably, the cloud computing services may not involve physical acceptance of

27
28 computing.html.

1 wagers or payment of winnings.¹⁹

- 2 • *Proposed Amendment to Regulation 1.137* removes from the definition of
3 “hosting center” the requirement that a hosting center must be located within the
4 state of Nevada. Eliminating the geographic limitation in the definition of
5 “hosting center” permits cloud computing services to be brought within the
6 umbrella of the statutory concept of, and the regulation’s definition for, a hosting
7 center. This amendment also would allow, but not require, a registered hosting
8 center to be included within the network access system used for cloud
9 computing services.
- 10 • *The proposed amendments to Regulation 5.240* revises the Commission service
11 provider rules to --
 - 12 ○ Include cloud computing service providers within the definition of
13 “information technology service providers,” a subset of “service
14 providers.”
 - 15 ○ Require registration of cloud computing service providers, except for
16 licensed manufacturers providing cloud computing services for their own
17 products.
 - 18 ○ Allow state gaming licensees to engage registered cloud computing
19 service providers or eligible licensed manufacturers to provide cloud

20 ¹⁹ This limitation on cloud computing services is consistent with existing Commission rules.
21 See NEV. GAMING COMM’N REG. 5.235(3). With respect to cloud computing services supporting a race
22 book or sports pool system, this limitation also make provision for compliance with the Federal Wire Act.
23 The Federal Wire Act makes it illegal for commercial gaming operators to offer or take bets from
24 gamblers in the United States over telephone lines or through other wired devices. 18 U.S.C. § 1084(a).
25 The Wire Act, which prohibits the use of interstate telephone lines to conduct a betting or wagering
26 business, applies to the Internet because the primary media of Internet communications are interstate
27 data lines using telephony. The United States Department of Justice has opined that interstate
28 transmissions of wire communications that do not relate to a “sporting” event or contest fall outside the
reach of the Federal Wire Act. Op. U.S. Att’y Gen. (Sept. 20, 2011), 2011 WL 6848433. Further, the Federal
Wire Act contains an exemption allowing the transmission of information assisting in placing of bets and
wagers on sporting events and contests among States where such wagering is permitted. 18 U.S.C. §
1084(b).

1 computing services.

- 2 ○ Recognize that the premises of a cloud computing services provider is a
- 3 virtual location accessed through the Internet using hardware and
- 4 software at many networked sites.
- 5 ○ Eliminate for cloud computing service providers the traditional hosting
- 6 center premises access requirement. Mandating physical location access
- 7 for a virtual Internet service is impracticable and in the cloud computing
- 8 context regulatory control must be of the network technology not a
- 9 facility. Under Proposed Regulation 5.242(3)(b), the Board and
- 10 Commission will have authority over the provider, the services and the
- 11 technology, including the provider's obligation to cooperate with
- 12 "requests, inquiries and investigations" which if ever relevant in a unique
- 13 instance may include inspection of a facility where a computing
- 14 equipment is located. This access right (i) satisfies the statutory standard
- 15 that the regulators have access "*as though* the premises are where gaming
- 16 is conducted;" (ii) treats the registered cloud computing service provider
- 17 "*as though* the [provider] is a gaming licensee" consistent with NRS
- 18 463.140; and (iii) accomplishes the legislative purpose of providing
- 19 gaming licensees flexibility to harness rapidly evolving technologies.
- 20 ○ Exempt cloud computing services providers from proportionate fees and
- 21 taxes, recognizing that cloud computing services will be a subscription
- 22 service and the state gaming licensee will be responsible for fees and
- 23 taxes.
- 24 • *Proposed Regulation 5.242* prescribes the regulatory process governing cloud
- 25 computing services providers, mandating --
- 26 ○ Registration of such service providers or proof of a manufacturer's
- 27 exemption before a state gaming licensee may provide cloud computing
- 28 services.

- Approval of the specific cloud computing services by the Board Chair.
- Submission by the service provider of an application for registration which requires:
 - Description of the planned services;
 - Demonstrated compliance with ISO standards;
 - Disclosures of protocols and procedures related to security, disaster recovery, premises access control, emergencies and business association probity reviews.
- Certification by the applicant of the accuracy of the application information and its commitment to regulatory cooperation, as well as acknowledgement of suitability jurisdiction of the Board and Commission.
- Ongoing timely notice of material changes to application information as a method of operation.
- *Proposed Regulation 5.242* also provides a process for waivers by the Board Chair, allows denied applicants to pursue administrative appeals and delineates the reporting rules for state gaming licensees who use cloud computing services of a registered service provider.

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1 V. CONCLUSION AND REQUEST FOR RELIEF

2 Based on the information and data provided in this Petition, AGEM requests that the
3 Commission commence proceedings to adopt proposed Nevada Gaming Commission
4 Regulation 1.070, 1.072 and 5.242, and proposed amendments to Nevada Gaming Commission
5 Regulations 1.137 and 5.240 as set forth in Exhibit B.

6 DATED and respectfully submitted this 15th day of November, 2021.

7 FENNEMORE CRAIG, P.C.

8
9 By: 

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15 Attorneys for Petitioner
16 Association of Gaming Equipment Manufacturers.
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EXHIBIT A

EXHIBIT A



**National Institute of
Standards and Technology**
U.S. Department of Commerce

Special Publication 800-145

The NIST Definition of Cloud Computing

**Recommendations of the National Institute
of Standards and Technology**

Peter Mell
Timothy Grance

NIST Special Publication 800-145

The NIST Definition of Cloud Computing

Peter Mell

Timothy Grance

C O M P U T E R S E C U R I T Y

Computer Security Division
Information Technology Laboratory
National Institute of Standards and Technology
Gaithersburg, MD 20899-8930

September 2011



U.S. Department of Commerce

Rebecca M. Blank, Acting Secretary

National Institute of Standards and Technology

Patrick D. Gallagher, Under Secretary for Standards and
Technology and Director

Reports on Computer Systems Technology

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**National Institute of Standards and Technology Special Publication 800-145
7 pages (September 2011)**

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Acknowledgements

The authors Peter Mell and Timothy Grance of the National Institute of Standards and Technology (NIST) would like to thank the many experts in industry and government who contributed their thoughts to the creation and review of this definition. We especially acknowledge Murugiah Souppaya and Lee Badger, also of NIST, and Wayne Jansen of Booz Allen Hamilton, whose advice and technical insight assisted this effort.

Errata

The following changes have been incorporated into Special Publication 800-145, as of the date indicated in the table.

DATE	TYPE	CHANGE	PAGE NUMBER
4/27/2012	Editorial	Corrected page number from "2" to "1"	1

1. Introduction

1.1 Authority

The National Institute of Standards and Technology (NIST) developed this document in furtherance of its statutory responsibilities under the Federal Information Security Management Act (FISMA) of 2002, Public Law 107-347.

NIST is responsible for developing standards and guidelines, including minimum requirements, for providing adequate information security for all agency operations and assets; but such standards and guidelines shall not apply to national security systems. This guideline is consistent with the requirements of the Office of Management and Budget (OMB) Circular A-130, Section 8b(3), "Securing Agency Information Systems," as analyzed in A-130, Appendix IV: Analysis of Key Sections. Supplemental information is provided in A-130, Appendix III.

This guideline has been prepared for use by Federal agencies. It may be used by nongovernmental organizations on a voluntary basis and is not subject to copyright, though attribution is desired.

Nothing in this document should be taken to contradict standards and guidelines made mandatory and binding on Federal agencies by the Secretary of Commerce under statutory authority, nor should these guidelines be interpreted as altering or superseding the existing authorities of the Secretary of Commerce, Director of the OMB, or any other Federal official.

1.2 Purpose and Scope

Cloud computing is an evolving paradigm. The NIST definition characterizes important aspects of cloud computing and is intended to serve as a means for broad comparisons of cloud services and deployment strategies, and to provide a baseline for discussion from what is cloud computing to how to best use cloud computing. The service and deployment models defined form a simple taxonomy that is not intended to prescribe or constrain any particular method of deployment, service delivery, or business operation.

1.3 Audience

The intended audience of this document is system planners, program managers, technologists, and others adopting cloud computing as consumers or providers of cloud services.

2. The NIST Definition of Cloud Computing

Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. This cloud model is composed of five essential characteristics, three service models, and four deployment models.

Essential Characteristics:

- On-demand self-service.* A consumer can unilaterally provision computing capabilities, such as server time and network storage, as needed automatically without requiring human interaction with each service provider.
- Broad network access.* Capabilities are available over the network and accessed through standard mechanisms that promote use by heterogeneous thin or thick client platforms (e.g., mobile phones, tablets, laptops, and workstations).
- Resource pooling.* The provider's computing resources are pooled to serve multiple consumers using a multi-tenant model, with different physical and virtual resources dynamically assigned and reassigned according to consumer demand. There is a sense of location independence in that the customer generally has no control or knowledge over the exact location of the provided resources but may be able to specify location at a higher level of abstraction (e.g., country, state, or datacenter). Examples of resources include storage, processing, memory, and network bandwidth.
- Rapid elasticity.* Capabilities can be elastically provisioned and released, in some cases automatically, to scale rapidly outward and inward commensurate with demand. To the consumer, the capabilities available for provisioning often appear to be unlimited and can be appropriated in any quantity at any time.
- Measured service.* Cloud systems automatically control and optimize resource use by leveraging a metering capability¹ at some level of abstraction appropriate to the type of service (e.g., storage, processing, bandwidth, and active user accounts). Resource usage can be monitored, controlled, and reported, providing transparency for both the provider and consumer of the utilized service.

Service Models:

- Software as a Service (SaaS).* The capability provided to the consumer is to use the provider's applications running on a cloud infrastructure². The applications are accessible from various client devices through either a thin client interface, such as a web browser (e.g., web-based email), or a program interface. The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, storage, or even individual application capabilities, with the possible exception of limited user-specific application configuration settings.
- Platform as a Service (PaaS).* The capability provided to the consumer is to deploy onto the cloud infrastructure consumer-created or acquired applications created using programming

¹ Typically this is done on a pay-per-use or charge-per-use basis.

² A cloud infrastructure is the collection of hardware and software that enables the five essential characteristics of cloud computing. The cloud infrastructure can be viewed as containing both a physical layer and an abstraction layer. The physical layer consists of the hardware resources that are necessary to support the cloud services being provided, and typically includes server, storage and network components. The abstraction layer consists of the software deployed across the physical layer, which manifests the essential cloud characteristics. Conceptually the abstraction layer sits above the physical layer.

languages, libraries, services, and tools supported by the provider.³ The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, or storage, but has control over the deployed applications and possibly configuration settings for the application-hosting environment.

Infrastructure as a Service (IaaS). The capability provided to the consumer is to provision processing, storage, networks, and other fundamental computing resources where the consumer is able to deploy and run arbitrary software, which can include operating systems and applications. The consumer does not manage or control the underlying cloud infrastructure but has control over operating systems, storage, and deployed applications; and possibly limited control of select networking components (e.g., host firewalls).

Deployment Models:

Private cloud. The cloud infrastructure is provisioned for exclusive use by a single organization comprising multiple consumers (e.g., business units). It may be owned, managed, and operated by the organization, a third party, or some combination of them, and it may exist on or off premises.

Community cloud. The cloud infrastructure is provisioned for exclusive use by a specific community of consumers from organizations that have shared concerns (e.g., mission, security requirements, policy, and compliance considerations). It may be owned, managed, and operated by one or more of the organizations in the community, a third party, or some combination of them, and it may exist on or off premises.

Public cloud. The cloud infrastructure is provisioned for open use by the general public. It may be owned, managed, and operated by a business, academic, or government organization, or some combination of them. It exists on the premises of the cloud provider.

Hybrid cloud. The cloud infrastructure is a composition of two or more distinct cloud infrastructures (private, community, or public) that remain unique entities, but are bound together by standardized or proprietary technology that enables data and application portability (e.g., cloud bursting for load balancing between clouds).

³ This capability does not necessarily preclude the use of compatible programming languages, libraries, services, and tools from other sources.

EXHIBIT B

PROPOSED AMENDMENTS TO NEVADA GAMING COMMISSION REGULATIONS 1 AND 5

PURPOSE: To revise existing regulations of the Nevada Gaming Commission promulgated pursuant to NRS 463.673 and NRS 463.677 to authorize associated equipment, cashless wagering systems, games, gaming devices and interactive gaming to be operated by a Nevada licensee using cloud computing services of a registered information technology service provider upon administrative approved by the Chair of the Nevada Gaming Control Board; to eliminate jurisdictional limitations on the situs of hosting services; and to provide for other matters properly relating thereto.

REGULATION 1

ISSUANCE OF REGULATIONS; CONSTRUCTION; DEFINITIONS

(Draft Date: November 10, 2021)

New
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1.070 “Cloud computing services” defined. “Cloud computing services” means an on-demand network access system comprised of ubiquitously interconnected remote computing resources, including without limitation servers, storage, and associated software, deployed among jurisdictionally diverse locations, to efficiently store and manage data, and expeditiously operate applications or deliver content or perform a service, accessed through Internet capable devices.

1.072 “Cloud computing service provider” defined. “Cloud computing service provider” means a person, who on behalf of a licensee, provides dedicated or shared cloud computing services that do not involve the physical acceptance of a wager from a patron or the payout of winnings to a patron for:

1. Associated equipment;
2. Cashless wagering systems;
3. Games;
4. Gaming devices;
5. Interactive gaming operations; or,
6 Wagering accounts, which notwithstanding the provisions of Section 5.225(4)(a), are not required to be within the State of Nevada when operated through a cloud computing service.

1.137 “Hosting center” defined. “Hosting center” means a facility ~~located in the State of Nevada which~~ that houses certain parts of computer systems or associated

components of games, gaming devices, cashless wagering systems or race book or sports pool operations and which is not located on the premises of a licensed gaming establishment.

REGULATION 5

OPERATION OF GAMING ESTABLISHMENTS

(Draft Date: September 29, 2021)

New
~~[Deleted]~~

5.240 Service Providers.

1. Findings. The Commission hereby finds that service providers are secure and reliable, that service providers do not pose a threat to the integrity of gaming, and that service providers are consistent with the public policy of this State as set forth in to NRS 463.0129.

2. Definitions.

(a) "Chair" means the Chair of the Nevada Gaming Control Board or the Chair's designee.

(b) "Information technology service provider" means:

(1) ~~[a]~~ A person who, on behalf of a licensee, provides management, support, security, or disaster recovery services for games, gaming devices, or associated equipment; or

(2) A cloud computing service provider.

(c) "Service provider" means a person who:

(1) Is a cash access and wagering instrument service provider as defined in NRS 463.01395; or

(2) Is an information technology service provider.

3. A licensee may only use a service provider that is registered as such with the Board or a person holding a manufacturer's license issued by the Commission pursuant to NRS 463.650 to the extent the manufacturer is supporting such manufacturer's gaming products or providing a cloud computing service. The Board shall make a list available of all registered service providers.

4. A licensee continues to have an obligation to ensure, and remains responsible for, compliance with this regulation, the Nevada Gaming Control Act and all other regulations of the Commission regardless of its use of a service provider.

5. Except as otherwise provided in this subsection, a person may act as a service provider only if that person is registered with the Board pursuant to this section. Once registered, a service provider may act on behalf of one or more gaming licensees. Any person holding a manufacturer's license issued by the Commission pursuant to NRS 463.650 may perform the services of a service provider without registering pursuant to this section only if such services are limited to supporting such manufacturer's gaming products or providing a cloud computing service.

6. Service providers, including each direct or beneficial owner of 10% or more of the service provider and any person having significant control over the operations of the service provider, as determined by the Chair, including without limitation, officers,

directors, or other principals, must register with the Board. A registration issued by the Board pursuant to this section expires five years after the Chair sends notice to the service provider that the service provider is registered with the Board, and every five years thereafter if a completed application for renewal of registration is received by the Board prior to the expiration of the registration. A completed application for renewal of registration must be submitted to the Board not less than 60 days prior to the expiration of the registration.

7. A service provider shall not provide services as a service provider until the Chair notifies the service provider in writing that the service provider is registered with the Board.

8. Applications for registration, or renewal of registration, as a service provider must include:

(a) Completed forms as furnished by the Board, information, and documents as required by the Chair;

(b) A written statement, signed under penalty of perjury on a form furnished or approved by the Board, affirming that the service provider, including each person otherwise required to be registered pursuant to subsection 6:

(1) Submits to the jurisdiction of the State of Nevada, the Board, and the Commission;

(2) Agrees to be governed and bound by the laws of the State of Nevada and the regulations of the Commission;

(3) Provided complete and accurate information to the Board; and

(4) Will cooperate with all requests, inquiries, and investigations of the Board or Commission;

(c) If a natural person, one complete set of fingerprints from the service provider, and from each person otherwise required to be registered pursuant to subsection 6;

(d) A registration and investigation fee, as determined by the Chair, not to exceed \$10,000; and

(e) Any additional information requested by the Chair.

9. A service provider must not be registered with the Board unless the Chair is satisfied, based on the information provided pursuant to this subsection, that the service provider meets the standards established pursuant to NRS 463.170.

10. A service provider shall have the burden of showing that its operations are secure and reliable.

11. A person who has a pending application for registration as a service provider shall report any changes to the information required pursuant to subsection 8 within 30 days of such change.

12. A person registered as a service provider shall report any changes in who owns 10% or more of the direct or beneficial ownership of the service provider and any changes in the service provider's principals within 30 days of such changes. The Chair may, in the Chair's sole and absolute discretion, require additional information or a new registration as a service provider if there is such a change in ownership.

13. At any time prior to notifying the service provider in writing that the service provider is registered with the Board or that the service provider's registration with the Board is renewed, the Chair may object to the registration of a service provider for any

cause deemed reasonable by the Chair and such service provider shall not be registered.

14. At any time after registration, the Chair may cancel the registration of a service provider if the service provider, including any of those persons required to register pursuant to subsection 6, is convicted of a felony. The effective date of cancellation of a registration as a service provider issued pursuant to this section shall be 5 days after the Board deposits notice of cancellation to the service provider's last known address with the United States Postal Service with postage thereon prepaid. The Board shall notify licensees of such cancellation and the effective date thereof.

15. The objection to or cancellation of the registration of a service provider shall be considered an administrative decision subject to review upon appeal by the service provider pursuant to the procedures established by Regulations 4.185, 4.190 and 4.195. A service provider is prohibited from applying for registration as a service provider to the Board for 1 year from the date of notice of the objection to or cancellation of the registration of a service provider, or the final decision on any appeal of such objection or cancellation, whichever occurs later.

16. Except for a cloud computing service provider, ~~the~~ the premises on which a service provider conducts its operations is subject to the power and authority of the Board and Commission pursuant to NRS 463.140.

17. Except for a cloud computing service provider, ~~A~~ a service provider shall be liable to the licensee on whose behalf the service provider acts for the service provider's proportionate share of the fees and taxes paid by the licensee.

18. The Commission may, upon a recommendation from the Board, require any person owning, operating, or having a significant involvement with a service provider to file an application for a finding of suitability at any time by providing written notice to the person. A person required to file an application for a finding of suitability pursuant to this subsection shall apply within 30 days of the person's receipt of written notice. Failure to timely submit an application for a finding of suitability shall constitute grounds for a finding of unsuitability.

19. A person required to file an application for a finding of suitability pursuant subsection 18 does not have any right to the granting of the application. Any finding of suitability hereunder is a revocable privilege, and no holder acquires any vested right therein or thereunder. Judicial review is not available for decisions of the Board and Commission made or entered under this section.

20. If the Commission finds any person owning, operating, or having a significant involvement with a service provider to be unsuitable under this section, the registered service provider and gaming licensees shall, upon written notification from the Board, terminate any existing relationship, direct or indirect, with such person. Failure to terminate such relationship may be deemed to be an unsuitable method of operation.

21. No determination of suitability of a person owning, operating, or having a significant involvement with a service provider shall preclude a later determination by the Commission of unsuitability.

22. All service provider licenses issued by the Commission prior to July 1, 2019 shall remain valid until such licenses expire on December 31, 2019. Any service provider, as defined pursuant to this section, holding a service provider license issued

by the Commission as of December 31, 2019, shall be deemed registered as a service provider with the Board as follows:

(a) Until March 2, 2020 if the service provider license was initially issued prior to January 1, 2015; or

(b) For five years following the date of the initial issuance of the service provider license if the service provider license was initially issued on or after January 1, 2015.

5.242 Cloud computing services.

1. Before a cloud computing services provider may provide any cloud computing service to a licensee:

(a) The cloud computing services provider must be registered as an information technology service provider or exempt from such registration in accordance with Regulation 5.240; and

(b) The cloud computing services must be approved by the Board Chair or the Chair's designee in writing pursuant to this section.

2. An application for an approval required by paragraph (b) of subsection 1 shall be made, processed, and determined using such forms as the Chair may require or approve and must be accompanied and supplemented by such documents and information as may be specified or required by the Board. The application shall include the following:

(a) A description of the scope and nature of the specific services provided to licensees.

(b) A statement on compliance of the cloud computing services provided by the cloud computing service provider with applicable standards of the International Organization for Standardization, and any other industry standards or best practices.

(c) A description of data storage and communication security.

(d) An explanation of disaster recovery capabilities, testing, and auditing.

(e) A summary of internal control procedures including:

(1) Access procedures and controls;

(2) Maintenance and audit of access logs;

(3) Emergency procedures for safety and security response; and

(4) Due diligence probity protocols for employees, contractors and clients;

(f) A description, if applicable, of any specific protocols related to dedicated cloud computing services.

3. Any request for approval pursuant to paragraph (b) of subsection 1 shall contain a statement subscribed by the applicant that:

(a) The information being provided to the Board is accurate and complete;

(b) That the applicant agrees to cooperate with requests, inquiries, or investigations of the Board and Commission; and

(c) The applicant acknowledges that the Commission may require the cloud computing services provider to submit an application for finding of suitability, and that a failure to submit such an application within 30 days of the notice to file such an application may constitute grounds for a finding of unsuitability by the Commission.

4. Each cloud computing services provider shall inform the Board in writing within 30 days of any material changes in the information provided in accordance with subsection 2. Failure to comply with the reporting requirement of this subsection constitutes an unsuitable method of operation.

5. The Board Chair, or the Chair's designee, in his or her sole and absolute discretion may, upon receipt of a written request to waive any requirements of this regulation, including without limitation that disclosure to the Board of certain information would hinder operations or pose a hardship due to contractual obligations.

6. Any person or entity whose request for approval of a cloud computing service under this section is not approved by the Board Chair or the Chair's designee may appeal the decision using the administrative appeal process found under Regulations 4.185 through 4.195, inclusive.

7. A state gaming licensee must report in writing to the Board the use of any approved cloud computing service at least 30 days prior to the commencement of such services. The report required by this subsection shall include the name of the registered cloud computing service provider and a description of the operations of the state gaming licensee that will use such services. Any change to or termination of the use of the cloud computing services reported pursuant to this subsection will be reported by the gaming licensee to the Board within 30 days of such change or termination of service.